

## STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration  
DIVISION OF TAXATION  
One Capitol Hill  
Providence, RI 02908-5800

December 23, 2002

Patricia A. Thompson, Partner  
Piccerelli, Gilstein & Company, LLP  
144 Westminster Street  
Providence, RI 02903

Re: RIGL 44-33.2 and Historic Structure Tax Credit Regulation

Dear Ms. Thompson:

The following is the response to the specific inquiries listed in your letter of November 22, 2002, relating to the Historic Structures Tax Credit.

- The Division of Taxation will accept the definition of qualified rehabilitation expenditures set forth in the Historical Preservation & Heritage Commission ("HPHC") regulation entitled "Historical Preservation Investment Tax Credit." ✓
- The Division of Taxation will accept the certification of the HPHC relating to the qualified rehabilitation expenditures for substantial rehabilitation so long as the underlying standards used by the HPHC meet the federal requirements and any other requirement of Chapter 44-33.2 of the RIGL. ✓
- The HPHC may rely upon the certification of a certified public accountant licensed in this state who used the AICPA testing standards for determining the amount of tax credit. This credit, as with all tax credits, would be subject to audit by the Division of Taxation. ✓
- not consistent  
• ~~Consistent with the tax treatment of other pass-through entities~~, multi-tier partnership credits allocated to partners at the first level and then again at the second level shall be considered an assignment, transfer, or other conveyance of the credit.
- The credit would be allocated to the partners of record at the end of the year. ✓

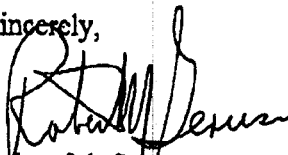
Patricia A. Thompson, Partner

Page 2

December 23, 2002

- The Division of Taxation confirms that it would honor a buyout provision in a partnership agreement.
- The assignment or transfer of a credit may be for no consideration. ✓
- A taxpayer is considered to have claimed the credit when the tax return is filed. If the tax return is extended, the credit will be considered claimed on the extended due date or date the return is actually filed, whichever occurs first. ✓
- As to recapture of the credit, if a credit that was assigned, transferred, or conveyed in whole or in part, by sale or otherwise, is subject to any recapture provision of Chapter 44-33.2, the recapture shall be enforced against the taxpayer who used the credit against the tax.

Sincerely,



Robert M. Geruso  
Assistant Tax Administrator

RMG:cap

C:\My Documents\RMG\thompson-c020-1223.doc